



CHECKLIST TO APPLY FOR A KNOX-KEENE LICENSE AS A HEALTH CARE SERVICE PLAN

Helpful General Information

- ❑ The application process takes approximately 6-12 months from the time of filing, depending primarily on the completeness and clarity of the application in demonstrating compliance with requirements of the Knox-Keene Act and regulations.¹ The applicant's ability to respond in a timely manner to requests from the Department for additional information, documentation and changes necessary to establish compliance, may also impact the timeliness of the application process .
- ❑ Review of license applications is performed by Department staff in the Office of Health Plan Oversight, the Office of Enforcement and the HMO Help Center.
- ❑ The Knox-Keene Act and Rules are available electronically through the Department's Internet web site at <http://www.dmhca.ca.gov/library/regulations/>
- ❑ Paper copies of the Knox-Keene Act and Rules are available for \$2.00 at the Department's Sacramento office 980 Ninth Street, Fifth Floor, Sacramento, CA 95814, or to order by phone call (916) 324-8176.
- ❑ Applicants are expected to engage the assistance of persons knowledgeable regarding Knox-Keene regulatory compliance and the health care service plan industry, including but not limited to health care quality assurance, financial and legal expertise.
- ❑ The applicant is responsible for staying up-to-date with any new legislation and regulations that will be effective at the time of licensure, and for submitting amendments to the application as necessary to establish compliance.

The Pre-Filing Conference

After an applicant has developed its application to substantial completion and has developed an understanding of the potential compliance issues that may remain, the applicant should schedule a pre-filing conference wherein the applicant has the opportunity to present its business plan and discuss any anticipated compliance issues of concern. The objective is to achieve an initial application filing that provides the full scope of information and documentation necessary for the Department's evaluation. Pre-filing conferences are strongly encouraged.

- ❑ The pre-filing conference is scheduled by contacting Mrs. Rita Rowell at rowell@dmhca.ca.gov or 916-322-5395.

¹ California Health and Safety Code Section 1340 *et seq.* References herein to "Section" are to sections of the Act. References to "Rule" are to the regulations promulgated pursuant to the Act at Title 28 of the California Code of Regulations commencing at Section 1300.43.

- ❑ An agenda of specific questions and a summary description of the applicant's proposed business plan should be prepared and submitted to the Department two weeks before the meeting.
- ❑ Representatives of the applicant's key management staff who have knowledge of all aspects of the applicant's proposed business as a health care service plan should attend the meeting. Typically, the Department staff attending will be from the Divisions of Licensing, Financial Oversight and Plan Surveys. Other staff may also attend, depending on the nature of the application.
- ❑ When scheduling the pre-filing conference, applicants will need to provide the following information:
 - The name of the applicant and the type of licensure the applicant will seek, e.g., full service, behavioral health, dental, vision, chiropractic, acupuncture, etc.
 - The type of contracts that will be offered after licensure: Commercial, MRMIB (Healthy Families, AIM or Major Risk), Medi-Cal, Medicare or other; and large or small group or individual contracts.
 - Identify the proposed area of operation, e.g., northern or southern California, central valley, specific counties, etc.
 - A business plan, including a proposed start-up date following licensure.
 - The governing board (board of directors).
 - A staff of key management has been developed, who will be responsible post licensure for critical functions (e.g. eligibility, utilization review, quality assurance, grievance review, claims payment, etc).

Electronic Filing Requirements

- ❑ All filings, including the application for licensure, must be submitted electronically pursuant to Rule 1300.41.8. This filing process is referred to as "eFiling."
- ❑ Each individual authorized to submit eFilings on behalf of the plan must file an Electronic Filing Signature Verification Contract with an original signature with the DMHC.
- ❑ Once the DMHC receives a completed Signature Verification Contract, that individual will be issued a Login and Password to submit filings on behalf of the plan.
- ❑ To request an Electronic Filing Signature Verification Contract, or for more information on obtaining an eFiling Login and Password, please contact Ms. Siniva Pedro at spedro@dmhc.ca.gov or at (916) 322-5393.

Preparing the Application for Filing

- ❑ The application is set forth at Rule 1300.51, and consists of exhibits requesting specific items of information from the applicant.
- ❑ Enter the information requested in the English language.

- ❑ Complete each item on the application. If an item is not applicable to the applicant's business plan, briefly explain why it is not applicable.
- ❑ Title each exhibit and item as specified in the application. If several exhibits are required under the same letter/number designation, add a sequential letter or Roman numeral indicated in the following example. Example: If Item Q-1 calls for copies of the specified documents, an applicant employing three different documents would label them as follows: Exhibit Q-1-a, Exhibit Q-1-b, and Exhibit Q-1-c. Applicants should not include item numbers that are not part of the application, as set forth in Rule 1300.51.
- ❑ Submit clearly legible electronic reproductions.
- ❑ Submit requested information as an attachment if the space provided in the application form itself is insufficient.
- ❑ The filing fee is based upon the actual cost of processing the application, including overhead, up to an amount not to exceed twenty-five thousand dollars (\$25,000). (See Health and Safety Code section 1356(a))

Amending an Application **Before** Licensure

In addition to complying with Rule 1300.52, an amendment to a pending application shall comply with the following:

- ❑ Material changes (see Rule 1300.45(1)) to information previously submitted in connection with an application (as amended to date) shall be submitted as an amendment to the license application, except as provided at Rule 1300.52(f).
- ❑ Nonmaterial changes to the information previously submitted in connection with an application (as amended to date) may be accumulated and shall be submitted as an amendment to the license application monthly or within 30 days (or other period requested by the Director) of each such change.
- ❑ Financial statements and calculations of tangible net equity previously submitted in connection with an application (as amended to date) shall be updated by an amendment to the license application which shall consist of quarterly financial statements (see Rule 1300.84.2a(1), (2), and (3) and a calculation of applicant's tangible net equity as of the closing date of such quarter, and shall be filed within 30 days after the close of each quarter of applicant's fiscal year.
- ❑ Amendments to license applications pursuant to Section 1352(a) shall be filed by exhibit and item as set forth in Rule 1300.51(d) and shall comply with the following:
 - ❑ The amendment must describe under Exhibit E-1 the purpose of the amendment and the nature of the changes.
 - The amendment must include the pages of the exhibits that are changed by the amendment.

- All changes to previously filed material must be highlighted by strikeout, underline, or other method in accordance with Rule 1300.52(d).

Exhibits HH, Enrollment Projections

- File financial projections, including assumptions, for at least two years. Monthly projections to be provided for the longer of one year or until the applicant reaches the break-even point; followed by quarterly projections for one additional year. Financial projections should contain an actuarial report which includes all of the information required by Rule 1300.51 (HH)(3)(b). All assumptions should be consistent with the actuarial report.

For information regarding this checklist, please contact Elaine Paniewski at 916-327-7355 or epaniewski@dmhc.ca.gov.